

EXHIBIT D

NB4

**COMMITTEE AGENDA ITEM
VILLAGE OF HOFFMAN ESTATES**

SUBJECT: FY2017 EDA Distribution Declaration
MEETING DATE: December 11, 2017
COMMITTEE: Finance Committee
FROM: Rachel Musiala, Director of Finance

PURPOSE: To declare the developer and taxing district allocations within the Economic Development Area Special Tax Allocation Fund, and direct the Treasurer to remit said funds to the developer and appropriate taxing bodies.

BACKGROUND Effective June, 2012, the Illinois Legislature extended the Economic Development Area (EDA) for an additional 15 years by passing PA097-0636. The new legislation established a new formula for distributing the incremental property taxes received for the EDA. The legislation states that the first \$350,000 received will be deposited by the Village into an escrow account to be used solely for expenses related to reporting requirements of the legislation (including the audit) and for legal expenses incurred in defense of any civil action brought against the Village related to the economic development agreement. It then states the next \$5,000,000 of incremental tax received will be allocated to the Village. Both of these disbursements happened earlier this year.

The legislation goes on to state that after these allocations are completed, 55% of the remaining receipts will be allocated to the developer to pay down outstanding EDA notes and obligations, and 45% will be allocated to the taxing districts, excluding the Village of Hoffman Estates. And if the amount of property taxes received is in excess of the tax levy year 2013 Base Amount (as defined by the legislation), then 75% of that increase shall be payable to the developer and the remaining 25% shall be distributed to the taxing districts, including the Village of Hoffman Estates. All of these distributions need to occur by December 31st of each year.

DISCUSSION PA097-0636 requires that the developer or any of its successor entities and its subsidiaries must retain not less than 4,250 full-time equivalent jobs within the economic development project area for the full disbursement formula to remain intact for the fiscal year. The Village received confirmation from Sears Holdings that they, in fact, were at or above the 4,250 employment requirement for all of FY2017 (through November 27, 2017, the date of confirmation, which is attached).

The FY2017 allocation calculation, which is related to tax levy year 2016 and is the fourth year under the new legislation, is summarized below and detailed out on the attached schedule. It should be noted that this year's incremental taxes received did not exceed the base amount, so no additional distribution will be coming to the Village.

	Base Distribution
TLY2013 Base Incremental Taxes	\$25,765,709.03
Incremental Taxes TLY2016	\$22,684,780.10
Interest Income	\$68,542.36
Less Legal & Reporting Expenses	(\$350,000.00)
Less Distribution to Village	(\$5,000,000.00)
Less Refunds, Appeals & Non-payments	(\$1,220,714.45)
Total Distribution	\$16,182,608.01
55% to Developer (EDA obligations)	\$8,900,434.41
45% to Taxing Districts (exclude. VOHE)	\$7,282,173.60

Based on the taxing districts proportion of the incremental taxes calculated, the total distribution to each taxing district will be as follows:

Taxing District	Amount
School District 300	\$5,127,887.09
Barrington Public Library	\$190,481.70
Hoffman Estates Park District	\$522,367.99
Elgin Community College Dist. 509	\$478,697.36
N.W. Mosquito Abatement	\$8,398.20
MWRD	\$340,966.89
Barrington Township Gen. Assistance	\$839.82
Barrington Township	\$25,194.60
Cook County Forest Preserve	\$52,908.66
Cook County	\$447,624.02
School District U-46	\$77,977.45
Poplar Creek Library District	\$8,829.82
Total	\$7,282,173.60

Additionally, the legislation requires that on December 31st of each year, any unobligated balance in the escrow account (\$350,000) established for legal and reporting expenses be distributed to the taxing districts in the same manner and proportion as the most recent distribution by the county collector. This amount, which is unknown at this time, will be calculated and distributed per the legislation on December 31, 2017.

RECOMMENDATION: Request authorization to declare \$16,182,608.01 as the developer and taxing district allocation for tax levy year 2016 within the EDA Special Tax Allocation Fund, and direct the Treasurer to remit said funds to the developer and taxing districts per PA097-0636.

ATTACHMENT